

CALIFORNIA EMPLOYER

First Quarter 2005

New benefit audit forms will assist in UI fraud detection ———

As part of our continuing efforts against Unemployment Insurance (UI) fraud, the Employment Development Department (EDD) will implement an additional benefit audit process to more quickly detect and deter benefit fraud.



This new process involves a daily, automated crossmatch of the start-of-work date reported by employers on the *Report of New Employee(s)* (DE 34) form with UI benefit payment information.

If a match is identified, a *New Employee Registry Benefit Audit* form (DE 1296 NER) will be sent to the employer, which requests earnings and eligibility information for the weeks the claimant certified for UI benefits.

The employer also is asked to validate the claimant's start-of-work date, as this is key to determining whether the claimant is entitled to receive UI benefits. Employers are required to provide EDD with this information within ten days of the receipt of the *NER Benefit Audit* form.

The information provided by employers will be used to identify and recover unauthorized UI benefit payments and to better detect fraud.

Employers who respond to a *NER Benefit Audit* form will *not* receive a DE 1296B *Benefit Audit* form for the same employee for the same quarter.

Your cooperation is essential to detect fraud and to protect the integrity of the UI program.

Note these changes in office locations and public service counters ———

A recent review of EDD's resources, staffing, services, and operating costs has resulted in changes to our current employment tax office locations.

For the most up-to-date information on the services available at each office or public counter, please visit our Web site (www.edd.ca.gov/taxrep/taxloc.htm#taxloc) or contact our Taxpayer Assistance Center at 1-888-745-3886.

Lobby hours for both the self-service and walk-in offices are 8 a.m. to 5 p.m., Monday through Friday. All lobbies are closed on state holidays.

Walk-in Offices

The offices listed below have public counters that offer walk-in employment tax services:

- Anaheim
- Escondido
- Fresno
- Los Angeles
- Oakland
- Sacramento
- San Bernardino
- San Diego
- San Jose
- Santa Fe Springs
- Van Nuys

(Note: The offices located in Laguna Hills and Stockton have closed.)

Self-service Offices

The offices listed below offer tax forms and assistance by telephone to the Taxpayer Assistance Center:

- Capitola
- Chico
- El Centro
- Eureka
- Marysville
- Modesto
- Monterey
- Pleasant Hill
- Redding
- Riverside
- San Francisco
- San Luis Obispo
- Santa Monica
- Santa Rosa
- Vallejo

(Note: These self-service locations do not include public counters.)

New law applies penalties for UI rate manipulation schemes ———

With the passage of a new law effective January 1, 2005, California became one of the first states in the nation to enact legislation as a result of the federal SUTA Dumping Prevention Act of 2004. Unemployment Insurance (UI) rate manipulation, or SUTA (state unemployment tax avoidance) dumping,



is considered a violation of the California Unemployment Insurance Code.

This new law (Assembly Bill 664) establishes new penalties that EDD can charge employers who are caught illegally lowering their UI rates, including the requirement to pay at the highest rate provided by law, plus an additional

two percent. This legislation also establishes civil and criminal penalties for anyone who knowingly advises another person or business to violate California's UI rate and reporting laws.

For more information on this new law and SUTA dumping, visit EDD's Web site at www.edd.ca.gov or call 1-800-528-1783.

Tax amnesty program may be right for you —

Most Californians pay their taxes in full and when they are due, but if you are among those few who have not, then the California 2005 Tax Amnesty Program may be for you.



Under this program, tax amnesty is being offered for income and franchise taxes, and sales and use taxes.

(Note: Payroll taxes are *not* included in this amnesty program.)

This is a limited-time program that is only being offered between February 1 and March 31, 2005.

This amnesty program was mandated by state legislation in 2004 (Senate Bill 1100) and is being administered by the California Franchise Tax Board (FTB) and the State Board of Equalization (BOE). (Since payroll taxes are *not* included in this amnesty offer, EDD is *not* a participant.)

By taking advantage of this amnesty opportunity, you can pay your past-due taxes and the related interest without most penalties, fees or criminal prosecution. The State of California will waive most existing penalties and fees on taxable years beginning before January 1, 2003; new penalties are effective after March 31, 2005.

You must apply for amnesty between February 1 and March 31, 2005, but you have until May 31, 2005, to file missing or amended returns and to pay your tax and interest. If you cannot pay your liability in full by May 31, you may be eligible for an installment payment plan to extend payment to June 30, 2006.

This is a great opportunity to settle your account and start the year anew. To learn how you can take advantage of this amnesty offer, visit the state's Web site at www.taxes.ca.gov, contact a qualified tax professional, or call the FTB at 1-800-852-5711 or the BOE at 1-800-400-7115.

Need to update your account information? —

It is now easier than ever to update your employer tax account information by using the newly revised *Change of Employer Account Information* (DE 24) form.

Use this form to change your address or name, or your business type or ownership. Also use the DE 24 to notify us of a partial sale or closure of your business, or discontinuance of the payment of wages.

To obtain a DE 24 form:

- Download a copy from our Web site at www.edd.ca.gov/taxrep/de24.pdf.

- Request a faxed copy from Fax-on-Demand at 1-877-547-4503 (enter document number 1120).
- Call our Taxpayer Assistance Center at 1-888-745-3886.

To ensure that your account changes are promptly applied, be sure to fill out all appropriate parts of the DE 24 form.

Please do *not* note address changes on your *Quarterly Wage and Withholding Report* (DE 6) or the *Payroll Tax Deposit Coupon* (DE 88) because this may delay the processing of your report.

Changes to UI Code affect educational employers —

If you are a public or nonprofit educational employer, you should be aware of recent changes to the California Unemployment Insurance Code (CUIC).

With the passage of Assembly Bill 2412, academic employers who willfully provide false information or willfully fail to report a material fact in



submitting a written statement concerning the reasonable assurance of a claimant's reemployment will be assessed a penalty of 2 to 10 times the claimant's weekly benefit amount.

This amendment to Section 1142 of the CUIC took effect on January 1, 2005.

Change in P.O. Box for DE 88, Payroll Tax Deposits

The EDD P.O. boxes for the DE 88, Payroll Tax Deposit, in Los Angeles and San Diego have been eliminated.

Please send all DE 88s and checks to the following address effective immediately:

Employment Development Dept.
P.O. Box 826276
Sacramento, CA 94230-6276

PAYROLL TAX INFORMATION

- Taxpayer Assistance Center (for tax information, address changes, and payroll tax forms) 1-888-745-3886
- Forms Requests (25+ copies) (916) 322-2835 Fax: (916) 928-5910
- Employer Account # Registration Info. (916) 654-7041 Fax: (916) 654-9211
- Electronic Funds Transfer (916) 654-9130 Fax: (916) 654-7441
- EDD's Web site: www.edd.ca.gov

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